

Mineral Industry Surveys

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GOLD IN FEBRUARY 2004

U.S. mines produced 21,200 kilograms (kg) of gold in February 2004, according to the U.S. Geological Survey, a 4% decrease compared with that of January 2004. Production of gold was up 20% in California over the same period.

Domestic.—The owner of Ross Refineries, Inc. (NY) was found guilty of charges of money laundering and failing to file reports relating to large currency transactions with the Internal Revenue Service. Multiple sales of bulk quantities of gold were made for about \$200,000 in cash to an undercover agent, who was posing as a narcotics money launderer. The gold was molded into common objects, such as cones, and altered in color to avoid detection while the gold was being smuggled into Colombia. The owner was scheduled to appear before the U.S. District Court on April 21, 2004, for sentencing (Platts Metals Week, 2004b).

International.—A strike by almost 5,000 miners at three of Harmony Gold Mining Ltd.'s (South Africa) mines ended after 4 days of wage negotiations. The National Union of Mineworkers accepted Harmony's offer of a 9% wage increase for the first half of 2004 that will be increased to 10% in the second half of 2004. The miners affected were working at the Nyala, Welkom, and Orkney gold mines. These open pits were operated by African Rainbow Minerals Gold Ltd. (South Africa), which merged with Harmony in May 2003. The strike resulted in a loss of approximately 22 kg (700 troy ounces) of gold per day. Currently, Harmony produces more gold than any other company in South Africa (Metal Bulletin Daily, 2004).

South Africa's gold producers may face a revision of taxes. The current tax formula is likely to be replaced by the standard corporate rate tax applicable to other companies. Tax rates would fall as the ratio of profit to revenue falls. When the ratio increases, higher taxes are levied; when ratio decreases, as in 2003, tax rates are lowered. Currently, South African gold mines are allowed to offset capital expenditures immediately against taxable income. Also proposed is to withhold the 3%

proposed royalty on gold mining revenues until 2009. This delay gives gold mining companies time to adjust and convert their old-order mining rights to new-order rights that are predicated on increased black ownership (Platts Metals Week, 2004c).

The world's fourth-largest gold producer, Gold Fields Ltd. (South Africa), sold 15% of its interest in South African gold-mining assets to Mvelaphanda Resources Ltd. Anglo American plc., Gold Fields' largest shareholder (20.9%), agreed to support the transaction, which is reported to set a new standard for funding empowerment deals (Mining Journal, 2004).

China, one of the world's top 5 gold producers, had a record gold output of 201,000 kg (6.5 million ounces) in 2003, which was 5.7% higher than the gold output in 2002. China's physical gold demand, the world's third biggest consumer, is expected to increase steadily in the coming years after reaching 215,000 kg (6.9 million ounces) of gold consumed in 2002 (Antaike Precious & Minor Metals Monthly, 2004).

Global gold dehedging continued to slow down in the fourth quarter of 2003. The hedging book fell by 84,000 kg (2.7 million ounces) to 2.2 million kg (70 million ounces of gold). It decreased considerably less than the average quarterly declines of the last 9 months of 2002 and the first half of 2003, which averaged about 160,000 kg (5 million ounces) of gold. Barrick Gold Corp.'s announcement to further reduce its hedge contracts in 2004, by a minimum of 47,000 kg (1.5 million ounces) of gold, is an indication that dehedging is almost certain to continue into 2004 (Platts Metals Week, 2004a).

The Ghanaian Government approved Anglo Gold Ltd.'s (South Africa) takeover of Ashanti Goldfields Co. Ltd., which puts Anglo Gold head-to-head with the current leading gold producer Newmont Mining Corp. (United States). The approval, which was expected in December 2003, was delayed by resistance from a Ghanaian opposition party, the National

Democratic Congress (NDC). According to the NDC, parliamentary approval was achieved via voice vote when a head count was required. In addition, the State is legally bound to maintain the Government's share at 10%. If the deal goes through, the Government's stake in Ashanti will fall from 16.9% to below 4% (American Metal Market, 2004).

References Cited

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TABLE 1
MINE PRODUCTION OF RECOVERABLE GOLD
IN THE UNITED STATES, BY STATE¹

(Kilograms)

	California	Nevada	Other States ²	Total
2003: ^p				
February	476	17,400 ^r	3,210	21,100 ^r
March	445	17,800	3,950	22,200
April	425	15,800 ^r	3,850	20,100 ^r
May	396	17,700 ^r	3,650	21,800 ^r
June	381	21,200	4,120	25,700
July	301	20,600	3,770	24,700
August	306	19,200	3,990	23,500
September	341	19,200 ^r	4,040	23,600 ^r
October	240	20,300 ^r	4,050	24,600 ^r
November	274	18,900	3,770	22,900
December	264	18,600	3,840	22,700
January-December	4,360	226,000 ^r	45,900	276,000 ^r
2004:				
January	229	18,600	3,140 ^r	22,000 ^r
February	274	18,100	2,820	21,200
January-February	503	36,700	5,970	43,200

^pPreliminary. ^rRevised.

¹Data are rounded to no more than three significant digits; may not add to totals shown.

²Includes Alaska, Arizona, Colorado, Idaho, Montana, South Dakota, Utah, and Washington.

TABLE 2
GOLD PRICES

(Dollars per troy ounce)

Engelhard Industries:	
2003:	
Low/date	321.09 April 7
High/date	417.76 December 31
Average	364.8
2004:	
January:	
Low/date	401.08/30
High/date	426.87/13
Average	415.07
February:	
Low/date	394.57/26
High/date	417.36/13
Average	405.86
Year to date:	
Low/date	394.57 February 26
High/date	426.87 January 13
Average	410.46
Handy and Harman:	
2003, average	363.51
2004:	
January	414.09
February	404.52
Year to date	409.30
London Final:	
2003, average	363.51
2004:	
January	413.79
February	404.88
Year to date	409.33

Source: Platts Metals Week.

TABLE 3
U.S. IMPORTS AND EXPORTS OF GOLD¹

(Kilograms of gold content, unless otherwise specified)

Period and country	Ores and concentrates ²	Doré and precipitates	Refined bullion ³	Total ⁴	Waste and scrap (gross weight)	Metal powder (gross weight)	Gold compounds (gross weight)
Imports for consumption:							
2003:							
November	122	13,200	13,400	26,700	1,230	17	356
December	3	11,400	10,100	21,600	1,240	336	1,210
Year	1,960	95,200	152,000	249,000	15,000	4,080	31,800
2004:							
January:							
Brazil	--	--	1,550	1,550	--	--	--
Canada	149 ⁵	255 ⁵	13,300	13,700	141	6 ⁵	--
Chile	--	--	450	450	--	--	--
Colombia	--	4,930	558	5,490	10	--	--
Dominican Republic	--	--	1	1	706	12	--
Germany	--	--	--	--	--	(6) ⁵	1,400 ⁵
Honduras	--	436	--	436	--	303	--
Japan	--	--	--	--	--	--	614 ⁵
Mexico	--	230 ⁵	1,620	1,850	42	--	--
Nicaragua	--	246	--	246	--	--	--
Peru	--	1,840	--	1,840	--	--	--
Venezuela	--	--	329	329	--	--	--
Other	1	36 ⁵	158 ⁵	189	74 ⁵	6 ⁵	--
Total	150	7,980	18,000	26,100	974	327	2,010
Exports:							
2003:							
November	83	12,300	11,600	24,000	14,400	88	99,400
December	144	9,530	14,200	23,800	14,200	12	65,300
Year	826	131,000	220,000	352,000	159,000	874	565,000
2004:							
January:							
Canada	1	--	--	1	7,470	--	24,400 ⁵
Czech Republic	2 ⁵	--	--	2	--	--	--
Dominican Republic	42 ⁵	--	1	43	--	--	--
Germany	--	--	--	--	24	(6) ⁵	1,060 ⁵
Hong Kong	--	--	--	--	--	5 ⁵	556 ⁵
Ireland	--	--	--	--	--	--	100 ⁵
Israel	--	--	--	--	--	2	7,120 ⁵
Italy	--	--	--	--	239	--	--
Japan	--	--	--	--	37	1	435 ⁵
Korea, Republic of	--	--	--	--	--	--	267 ⁵
Lebanon	--	--	--	--	--	--	616 ⁵
Mexico	20 ⁵	--	1,440	1,460	--	1	--
Netherlands	1 ⁵	--	--	1	--	--	11,100 ⁵
Singapore	--	--	--	--	--	1	25,400 ⁵
Switzerland	--	10,800	1,550	12,400	--	--	--
Trinidad and Tobago	2 ⁵	--	--	2	--	--	--
United Kingdom	--	7	11,400	11,400	20,200	41	--
Other	--	1 ⁵	139	140	27	24	--
Total	67	10,800	14,500	25,400	28,000	76	71,100

¹Revised. -- Zero.

²Data are rounded to no more than three significant digits; may not add to totals shown.

³Includes gold content of base metal ores, concentrates, and matte imported for refining.

⁴Bullion also moves in both directions between U.S. markets and foreign stocks on deposit in the Federal Reserve Bank. Monetary gold excluded.

⁵"Waste and scrap," "Metal powder," and "Gold compounds" not included in "Total."

⁶All or part of these data have been referred to the U.S. Census Bureau for verification.

⁷Less than 1/2 unit.

Source: U.S. Census Bureau.